

Divide and Pacify: Strategic Social Policies and Political Protests in Post-Communist Democracies

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Pieter Vanhuysse: *Divide and Pacify: Strategic Social Policies and Political Protests in Post-Communist Democracies* Budapest 2006: CEU Press, 200 pp.

On Pieter Vanhuysse

In *Divide and Pacify: Strategic Social Policies and Political Protests in Post-Communist Democracies*, Pieter Vanhuysse employs an innovative and thought-provoking approach to explain the unexpectedly low level of disruptive political protests in early post-communist transition. He develops a creative interaction between the literature on 'the politics and sociology of contention' and the comparative political economy of welfare states (p. 2). The main puzzle that he addresses is the relative political quiescence that was present in early transition in the Czech Republic, Hungary, and Poland, especially when compared with similar transformations that took place in Latin America in the 1980s. Vanhuysse suggests that the theories in the literature cannot adequately explain the 'post-communist protest variation' (p. 29) and argues that greater emphasis should be given to the strategy of the state in transition, more specifically 'the strategic role of social policies in preempting the political danger posed by threatened workers' (p. 44). He attempts to explain this variation through the use of 'strategic social policies' that divided constituents into distinct work-welfare groups limiting their capacity for organised disruption in the reform process. Through a comparison of the three countries, he describes two distinct causal paths. In the Czech Republic, the strategy was to prevent major employment loss, while in Poland and Hungary strategic social policies were implemented to prevent the political consequences of major employment losses. Vanhuysse argues that strategic decisions made by the states in the early phases of transition caused there to be only limited political protests in these countries. Al-

though his 'divide and pacify' theory offers an alternative or supplementary explanation for the relative political quiescence in some post-communist countries, the greatest contribution of this book is a systematic analysis of the significant political consequences of decisions made by states in early transition and the path dependence that emerged as a result of these decisions.

'The unexpected peacefulness of transitions'

Vanhuysse presents evidence that the conditions for mass political protest were present in early transition and there was reason to expect protests. He emphasises that existing theories (economic theory, theories based on neo-corporatism or political opportunity structures, and Greskovits' [1998] 'informal exit' theory) cannot adequately explain the surprisingly low level of protests in post-communist countries because they lack emphasis on the role of state strategies or do not explain the variance between post-communist countries. The economic theory cannot explain the absence of disruptive protests because the economic preconditions for protest were present, including high unemployment, significant reductions in real wages and overall economic well-being, and the continuation of costly reforms. In Poland and Hungary in particular, there were massive increases in official unemployment, which was previously unheard of in these economies and could have inspired threatened workers to protest (p. 39). General political dissatisfaction was expressed by consistently voting the incumbent out of office, which generally occurs when there are unsatisfactory economic conditions, but it did not lead to more disruptive forms of political expression.

Vanhuysse also argues that the necessary political opportunity structures were present (or could have been adapted to fulfil what was necessary), as there was rela-

tively high union density. But despite this purportedly high density, how effective these unions were after the transition began is questionable, given the challenges of significant necessary 're-branding' and the limited level of trust in unions. Finally, Vanhuyse recognises the significance of 'informal exit' for explaining the relative peacefulness in post-communist countries, as presented by Greskovits [1998]. But he argues that this factor cannot explain the variation in post-communist countries. Despite the presence of the conditions that would predict high levels of political unrest, strike rates and other measures of disruptive political protest were substantially lower in post-communist countries than in Latin America in the 1980s and even lower than in Western Europe in the 1990s (p. 19).

'Divide and pacify as political strategy'

Given that post-communist countries faced the 'challenge of simultaneously consolidating democracy and implementing costly market reforms', Vanhuyse argues that policy-makers were very conscious of the need to limit protest that could disrupt the needed reforms (p. 11). With the assumption that 'in the initial stages of the transition, governments attached a high priority to low levels of disruption in the polity, whatever else they wanted otherwise', Vanhuyse investigates the policy approaches that the states used to achieve relative political quiescence (p. 49). In Czech Republic the gradual restructuring of firms, the persistence of relatively 'soft budget constraints,' and active labour market spending, referred to as 'job loss avoidance policies', facilitated a limited increase in unemployment, which consequently limited political unrest (p. 124). In Hungary and Poland, social policy encouraged certain workers to exit the labour market through early retirement and disability benefit schemes, a group of people Vanhuyse refers to as 'abnormal' pensioners. This ap-

proach 'divided and pacified' groups that could otherwise have organised political protests. These divisions combined with general conflicts of interest managed to divide the population along lines that made disruptive protests unlikely.

There is generally a conflict of interests between workers and net welfare recipients, especially in the case where, for example, workers can be said to relatively directly finance the pensions or unemployment benefits. The emergence of significant numbers of abnormal pensioners created more dimensions in this distributional conflict. Workers were divided into groups characterised by three substantial work-welfare statuses: unemployed workers, employed workers, and abnormally retired people. The sum of these groups would have been expected to form the core of political protests, but they were divided in such a way that their interests conflicted (p. 54–55). The workers continued to have conflicting interests with the welfare recipients (unemployed workers and pensioners, both old-age and abnormal). But additionally the unemployed workers and the pensioners were in a 'distributional struggle for state resources' and therefore had conflicting interests (p. 91). Based on these divisions, large scale protests would have been much more difficult to organise, if they were to include people from more than one work-welfare status. Workers lost the critical mass and within the other work-welfare statuses, there were multiple reasons for not organising. Unemployed workers and pensioners lost many of the social networks that would be important for organising political protests and there is a high opportunity cost of protesting based on the need for activity in the informal economy to supplement the benefits received from the state. Furthermore, their relationship with the state 'became individualised and strongly dependent', and that decreased the incentives to protest (p. 64). In sum, divide and pacify as a polit-

ical strategy 'split up well-networked and formally organized groups of threatened workers with similar economic interests, by sending many of them onto unemployment benefits and many others onto early and disability pensions' (p. 67).

Policy decisions and path dependence

The idea to prevent disruptive political protest was politically rational and arguably socially beneficial. Vanhuyse assumes that policy-makers were aware of and could implement policies with the express aim of diffusing political protest that would disturb reforms. He writes, 'Pandora's boxes they may have been, but post-communist transitions also left considerable scope for rational government strategy' (p. 67). So policy-makers are assumed to have had rational strategies that they were able to pursue to meet economic and political objectives. As Vanhuyse compellingly argued, the way that threatened workers were divided by these policies does offer a reasonable explanation for the political quiescence. However, the extent to which this can be considered a conscious decision with such a planned outcome is questionable. There are multiple reasonable motivations that could have been behind policy-makers' decisions to use the 'abnormal' pension policies, such as to increase economic productivity by removing the most redundant workers from the labour force or to offer a social safety net to those that seemed to be most threatened by the transition. Therefore, while it is feasible that some form of rational state strategy did exist in the early phases of transition, this does not logically imply that policy-makers would pursue this strategy for the explicit purpose of limiting political protest. Perhaps political quiescence was an unintended outcome of a policy that was strategically decided on the basis of other predicted outcomes. This makes the argument of the intentionality of policy-makers difficult to justify, but the

outlined effects of the 'abnormal' pension booms in the case for Hungary and Poland were quite convincing.

Apart from their intentionality, Vanhuyse argues that social policy decisions made in the early phases of the transition 'fundamentally reshaped the subsequent operational space of post-communist politics in the process' (p. 124). He presents the significant and long-lasting consequences of this policy choice in early transition. Therefore, the central claim of the book is that the decision to encourage 'abnormal' pensioners in Hungary and Poland, as well as the decision for gradual restructuring accompanied by active labour market spending in the Czech Republic, explain the limited disruptive political protests in these countries, but these decisions also launched the countries along specific trajectories (or 'pathways') that determine the political and economic challenges that these countries are currently facing.

The complexity of causality

Divide and Pacify offers a unique approach to understanding the complex actions that took place in post-communist transition which led to the absence of significant political protest. Although it would be unrealistic to expect a single factor to be necessary and sufficient for explaining the surprising political quiescence in post-communist countries, it is important to understand the interaction of the most significant factors. Vanhuyse makes a significant contribution towards this end by introducing the factor of 'strategic social policies,' which has not previously been analysed. He presents the 'supply-side policies,' which includes the Czech approach to restructuring and active labour market policies and the abnormal pension approach in Hungary and Poland, as the factors for explaining the peaceful transition (p. 124). However, it seems that this explanatory factor actually has two separate causal paths: one for

Hungary and Poland and another one for the Czech Republic. These could be viewed as two separate causal chains leading to the same outcome. 'Strategic social policies' are not necessary for preventing disruptive political protests, a point demonstrated by the Czech Republic, which followed a different method.

Given that there were many post-communist countries that exhibited this same outcome of political quiescence, based on the argument of the book, it is not clear what should be expected in post-communist countries that were not included in this analysis. By including more countries, more possible causal paths would most likely arise, which begs the question: what determines the causal path that a country ends up on? While Vanhuyse made convincing arguments for path dependence with the consistent outcome of relative political quiescence, there are very different medium- and long-term effects associated with each path (such as the high fiscal burden of paying for the abnormal pensioners). Therefore, not all paths are equal along other dimensions, and it is unclear if all possible paths would be open to all post-communist countries.

Another stated aim of the book was to explain the variation between post-communist countries. However, this variation was not clearly explained by the theory proposed. While the point was effectively made that overall political protest was significantly less in post-communist countries compared with other parts of the world, it was not clear that the variance between the post-communist countries was significant. Moreover, Vanhuyse's theory seems much more effective at explaining the overall low level of disruptive political protest based on 'strategic social policy' than it is at explaining why it was slightly higher in Poland than in Hungary.

Despite the challenges that are present when explaining outcomes that have complex causal paths, Vanhuyse made signifi-

cant contributions to literature and policy-making by demonstrating the diverse and significant political, economic, and social effects of a policy decision made in early transition. His argument demonstrates the far-reaching effects of a seemingly limited social policy. He developed the concept of 'abnormal' pensions and described its important effects in the past and future. This reveals new perspectives on how decision-making in social policy may have effects in all areas of life — political, economic, and social — and presents the importance of thorough planning when making social policy decisions, as it has the potential to determine much of a country's future trajectory.

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Notes

¹ Ideas developed in this review benefited greatly from active discussion of this text in Dorothee Bohle's 'Politics of Labor in Europe' course in the Political Science Department at the Central European University in Budapest.

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The means by which people make claims on their governments (i.e. their 'repertoires of contention') have long been an important tool for expressing the interests of a collectivity and advancing their claims. During the past several decades, there has been a rapid increase in the amount of scholarly research on repertoires of contention. Numerous works have been written on the